

Administration of Barack H. Obama, 2010

Remarks on Financial Regulatory Reform

May 20, 2010

Good afternoon, everybody. I want to say a few words about the vote on financial reform in the Senate today.

I've said many times that the recession we're emerging from was primarily caused by a lack of responsibility and accountability from Wall Street to Washington. It's part of the reason our economy nearly collapsed. It's what led to countless home foreclosures, the failure of community banks and small businesses, and a cascade of job losses that have left millions of Americans out of work. And that's why I made passage of Wall Street reform one of my top priorities as President, so that a crisis like this does not happen again.

Over the last year, the financial industry has repeatedly tried to end this reform with hordes of lobbyists and millions of dollars in ads. And when they couldn't kill it, they tried to water it down with special interest loopholes and carve-outs aimed at undermining real change.

Today I think it's fair to say that these efforts have failed. Today Democrats and a handful of Republicans in the Senate have voted to break the filibuster and allow a final debate and vote on financial reform, reform that will protect consumers, protect our economy, and hold Wall Street accountable.

I want to thank Senator Chris Dodd and Majority Leader Reid for their leadership on this legislation, as well as all the Senators who put partisan posturing aside in allowing a vote on this important reform. And I want to thank every American who kept the pressure on Washington to change a system that worked better for banks on Wall Street than it did for families on Main Street.

Now, we've still got some work to do. Soon we're going to have a final vote in the Senate, and then the House and the Senate will have to iron out the differences between the two bills. And there's no doubt that during that time, the financial industry and their lobbyists will keep on fighting. But I will ensure that we arrive at a final product that is both effective and responsible, one that holds Wall Street to high standards of accountability and secures financial stability, while preserving the strength and crucial functions of a financial industry that is central to our prosperity and our ability to innovate and compete in a global economy.

Our goal is not to punish the banks, but to protect the larger economy and the American people from the kind of upheavals that we've seen in the past few years. And today's action was a major step forward in achieving that goal.

Because of Wall Street reform, we'll soon have in place the strongest consumer protections in history. If you've ever applied for a credit card, a student loan, or a mortgage, you know the feeling of signing your name to pages of barely understandable fine print. It's a big step for most families, but one that's often filled with unnecessary confusion and apprehension. As a result, many Americans are simply duped into hidden fees and loans that they can't afford by companies that know exactly what they're doing.

Those days will soon end. From now on, every consumer will be empowered with the clear and concise information that you need to make final—financial decisions that are best for you. This bill will crack down on predatory practices and unscrupulous mortgage lenders. It

will enforce the new credit card law we passed banning unfair rate hikes and ensure that folks aren't unwittingly caught by overdraft fees when they sign up for a checking account. It will give students who take out college loans information and make sure lenders don't cheat the system. And it will ensure that every American receives a free credit score if they are denied a loan or insurance because of that score.

Because of financial reform, the American people will never again be asked to foot the bill for Wall Street's mistakes. There will be no more taxpayer-funded bailouts, period. If a large financial institution should ever fail, we will have the tools to wind it down without endangering the broader economy. And there will be new rules to prevent financial institutions from becoming too big to fail in the first place so that we don't have another AIG.

Because of reform, the kinds of complex, backroom deals that helped trigger the financial crisis will finally be brought to the light of day. And from now on, shareholders will have greater say on the pay of CEOs and other executives so that they can reward success instead of failure and help change the perverse incentives that encouraged so much reckless risk-taking in the first place.

So, in short, Wall Street reform will bring greater security to folks on Main Street, to families who are looking to buy their first car or their first home, to taxpayers who shouldn't have to pay for somebody else's irresponsibility, to small businesses and community banks who play by the rules, and to shareholders and investors who want to see their companies grow and thrive.

But let me stress that this is not a zero-sum game where Wall Street loses and Main Street wins. As we've learned, in today's economy, we're all connected. When the economy prospers, we all win. When the financial sector operates under sound rules of the road to ensure fairness and stability, we all win. Every American has an interest in a healthy financial sector. But for that reason, it's also imperative that those in Wall Street boardrooms and on trading floors be held accountable for the decisions that they make. For behind every dollar traded or leveraged on Wall Street, there is a family looking to buy a house, pay for an education, open a business, or save for retirement.

And the reform I sign will not stifle the power of the free market; it will simply bring predictable, responsible, sensible rules into the marketplace. Unless your business model is based on bilking your customers and skirting the law, you should have nothing to fear from this legislation.

As we continue to emerge from this recession, this reform is one important step that will strengthen our economy. And despite the ups and downs associated with a recovery, that economy is getting stronger by the day. It's an economy that's growing again. Last month, we added jobs, the fourth straight month of job growth and the largest increase in 4 years. And we're working closely with our G-20 partners around the world to ensure that growth is balanced and sustained.

I also said when I took office that we can't simply rebuild this economy on the same pile of sand, on maxed-out credit cards or housing bubbles or reckless risk-taking on Wall Street. We're going to have to build it on a firmer, stronger foundation for economic growth. That's why we invested in renewable energies that currently have the potential of creating new jobs all across America. That's why we're reforming our education system so that our workers can compete on the global stage. That's why we passed health care reform that will lower costs for families and businesses. And that's why we're about to pass financial regulatory reform to

protect consumers and ensure that we don't have another crisis caused by the irresponsibility of a few.

Along with the steps we're taking to spur innovation and encourage hiring and rein in our deficits, that is how we will ultimately build an economy that is stronger and more prosperous than it was before.

Thanks very much, everybody.

NOTE: The President spoke at 4:33 p.m. in the Rose Garden at the White House. The Office of the Press Secretary also released a Spanish language transcript of these remarks.

Categories: Addresses and Remarks : Financial regulatory reform :: Washington, DC.

Locations: Washington, DC.

Names: Dodd, Christopher J.; Reid, Harry.

Subjects: Business and industry : Community lenders; Business and industry : Corporate executives, compensation packages; Business and industry : Credit Card Accountability Responsibility and Disclosure Act of 2009; Business and industry : Small and minority businesses; Commerce, international : Group of Twenty (G-20) nations; Congress : Senate :: Majority leader; Economy, national : Financial regulations, modernization efforts; Economy, national : Improvement; Economy, national : Recession, effects; Economy, national : Strengthening efforts; Education : Global competitiveness; Employment and unemployment : Job creation and growth; Employment and unemployment : Job losses; Energy : Alternative and renewable sources and technologies; Health and medical care : Cost control reforms; Housing : Housing market, decline; Legislation, proposed : "Restoring American Financial Stability Act of 2010"; Legislation, proposed : "Wall Street Reform and Consumer Protection Act of 2009".

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